REMARKS

Claim 1 is amended to add the substance of claim 2 and to clarify a difference between the invented method as defined in that claim, and the applied art. Claim 4 is amended to substitute the generic term --vendor installation ID-- in place of the Microsoft-Specific term "MSIID". Claim 5 is amended to capitalize "id" for consistent terminology. The substance of Claim 9 is added to Claim 8, and Claim 12 is cancelled without prejudice.

Claims 1, 3-8, 10, and 11 remain in this application, with no claim previously allowed.

Claims 1, 2, 8, 10, and 12 stand rejected as anticipated by *Schoch* (US Patent No. 6,460,140). The Applicants respectfully traverse this rejection.

The method defined by Claim 1 includes the step of obtaining a local license from the software product storage medium and storing that local license with the software product on the computer, by inputting a product key and obtaining the local license. Claim 1 also includes the limitation, formerly in Claim 2, that the local license allows activating one of plural types of licenses from the software product. This feature of the present invention is discussed at page 12, lines 17-23, of the specification. Claim 8 includes a similar method step, namely, installing on the computer a local license file comprising activation rules for the software product, including a channel ID range to determine whether the software product needs to be activated based on the channel ID. *Schoch* fails to disclose these steps required by independent Claims 1 and 8. Accordingly, *Schoch* cannot anticipate the methods of those claims.

The step of storing or installing the local license with the software product on the computer by inputting a product key is described in the specification at page 9, lines 14-18. After that step, the method according to Claim 1 requires certain further steps including determining a license type and an installation ID for the software product, and transmitting the installation ID to an activation authority. That activation authority determines whether the product ID has been used to activate the product before, and determines the type of backend license to grant. The backend license then is transmitted from the activation authority to the computer and stored on the computer for use during run-time, as described in the specification.

Schoch, as mentioned above, does not teach the step of storing the local license with the software product on the computer, as recited in the overall sequence of steps required by the Applicants' method according to Claim 1. Instead, after the user enters a validation number received with the software, the software generates a registration key that is encrypted and then submitted to a license registration database. (*Schoch* column 3, line 64-column 4, line 8). After verifying the registration key, the license registration database generates a license key and returns it for storage on the user's computer (column 4, lines 11-13).

The rejection of Claim 2 —now incorporated in Claim 1— asserts that *Schoch* teaches a local license allowing for one of plural license types to be activated, citing column 3, lines 48-60 of that reference. However, that passage in *Schoch* actually discusses the vendor's license, which the vendor creates and then sends to AnchorSoft (an activation authority). See lines 58-60 of column 3, and the flow chart in Figure 3 showing "V's lic #" going from the vendor to AnchorSoft. It is thus shown that *Schoch*

does not obtain a local license from the software storage medium and does not store that local license on the computer where the software product is being installed.

The foregoing sequence of events in *Schoch* is also shown in Fig. 3, where storage onto the user's computer occurs only after the user copies the license key into a registration window (step 7, manual registration) or after receiving a license key from the license registration database (step 9, automatic registration). Although that activity by *Schoch* may be analogous to Applicants' step of storing the *backend* license on the user's computer, it does not anticipate the prior step of obtaining a local license from the storage medium of the software product and storing that local license with the software product on the computer. Accordingly, *Schoch* fails to anticipate the method defined in Claim 1 and 8, and likewise fails to anticipate the dependent claims.

Claims 3-7, 9, and 11 are rejected as unpatentable over *Schoch* in view of *Larose* (US Patent No. 6,108,420). *Larose* is cited as teaching that it would have been obvious to one of ordinary skill to include a channel ID with *Schoch*'s licensing system. However, *Schoch* fails to teach a step of the Applicants' method as defined in the respective patent Claims 1 and 8, as discussed above, and nothing in either reference would have suggested that missing step to one of ordinary skill in the art. Accordingly, the Applicants respectfully submit that no remaining claim would have been obvious to one of ordinary skill over *Schoch* in view of *Larose*.

The foregoing is submitted as a complete response to the Office Action identified above. The Applicants submit that the present application is in condition for allowance and solicit a notice to that effect.

Respectfully submitted,

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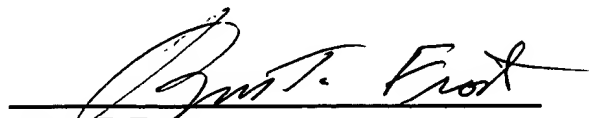

Date: November 24, 2004

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